(c) This issue has been taken up by the Government of India with the US authorities. India had also proposed a draft Totalisation Agreement to the USA for consideration so that this double taxation could be removed. But the USA has not so far responded positively in the matter.

Private Pension Scheme

505. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether a Private Pension Scheme is being introduced for Central Government employees who have joined service after 1st January, 2004;

(b) if so, the details thereof;

(c) whether Government would henceforth be absolved of all pension liability;

(d) if so, the status of the existing Government servants who joined service prior to 1st January, 2004; and

(e) the steps proposed to be taken to ensure that the pensionary rights including the quantum of pension of the existing pensioners remain unaffected under the new dispensation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) A new restructured defined contribution pension system is mandatory for all new Central Government recruits (excluding Armed Forces, in the first stage) with effect from 1st January,2004. The monthly contribution is 10 percent of the salary and Dearness Allowance to be paid by the employee and matched by the Central Government.

(c) and (d) No, Sir. Pension liability of all existing pensioners as well as those employees who were already in service on 31.12.2003 would remain with Central Government.

(e) The new pension system is not applicable to existing pensioners.

Merger of IFCI

506. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a proposal to merge IFCI Limited with Industrial Development Bank of India;

(b) if so, the details thereof;

(c) whether IFCI is already having merger association with any other bank; and

(d) if so, the reasons for calling off the merger with that Bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) IFCI Ltd. is a company registered under the Companies Act, 1956. Government has no shareholding in IFCI Ltd. Since IFCI does not have long term sustainability on a stand alone basis due to its asset-liability mis-match position and its inability to comply with important regulatory requirements, the Board of Directors of IFCI Ltd. has held extensive deliberations on its future. The only viable future course appears to be, to consider merger with a healthy Institution/Bank. Various options are being examined, including that of IDBI. It may also be pointed out that, the Board of Directors of IFCI Ltd. and Punjab National Bank have deliberated on a merger. However no final decision has been taken.

Projections on FDI inflow

507. SHRIMATI JAYA BACHCHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have made any projections on the inflow of FDI (foreign direct investment) into the country in the next few years;

(b) if so, the details thereof;

(c) whether Government are considering any proposal for restricting the flow of FDI; and

(d) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The inflow of FDI depends on a numbers of factors both external and internal. Besides policy dispensation, global economic environment, corporate strategy of transnational corporations and domestic economic situation play a major role in determining the FDI inflows.

(c) and (d) Government has put in place a liberal and transparent FDI policy and most sectors have been placed under the automatic route. Review of FDI policy, including sectoral policies and caps, is an ongoing process.

Fluctuations in Sensex

508. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE be pleased to state:

(a) whether the market is facing selling pressure by the recent fluctuation in sensex;